

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6913

BILL NUMBER: SB 206

DATE PREPARED: Mar 23, 1999

BILL AMENDED: Mar 22, 1999

SUBJECT: Locate state government offices in downtown areas.

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**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: (Amended) This bill defines "downtown" to refer to: (1) the central business district of a city, town, or township; (2) any commercial or mixed use area that has traditionally served as the retail service and communal focal point within a community; (3) an enterprise zone established under the Indiana Code; or (4) a brownfield revitalization zone established under the Indiana Code.

The Indiana Department of Administration shall establish policy to encourage state agencies to locate leased and state constructed facilities in downtown areas. The policy established by the Department may exempt certain agencies or activities from the policy. The policy established by the Department shall focus on the following: (1) Local economic considerations. (2) The requirements of the agency. (3) Servicing client needs. (4) The availability of suitable space. (5) Competitiveness in the market place. Additionally, the policy established by the Department may not encourage state agencies to locate leased and state constructed facilities in downtown areas if doing so would result in new or increased taxes to the citizens of Indiana.

This bill requires that the policy established by the Department give primary consideration to the restoration or reuse, or both of existing structures within a downtown area. It also requires the policy established by the Indiana Department of Administration give secondary consideration to state construction of facilities within a downtown area if the restoration or reuse of existing structures within a downtown area is not determined to be a reasonable alternative by the Department.

The Indiana Department of Administration is required to establish policy to implement these provisions not later than January 1, 2000. Not later than July 1 of each year, the Indiana Department of Administration shall report to the Legislative Council concerning the implementation of these provisions. The Indiana Department of Administration is required to submit the Department's first report to the Legislative Council not later than July 1, 2001.

Effective Date: July 1, 1999.

Explanation of State Expenditures: (Revised) This bill requires the Indiana Department of Administration to establish policy to encourage state agencies to locate leased and state constructed facilities in downtown areas. The established policy may exempt certain agencies or activities from the policy. The policy established by the DOA is to include a number of items as listed in the “Summary of Legislation.” The establishment of policy can be done within the existing budget and does not require an additional state General Fund appropriation.

The current policy of the DOA is to evaluate the office space requested by a state agency and to determine if space owned by the State is available for the request or if the requesting state agency can be consolidated into a building currently occupied by another state agency. The DOA reports that 48% of state agency sites are located in downtown areas. It is estimated that approximately 38% of all Bureau of Motor Vehicle offices are located in downtown areas.

The reports required by this bill to the Legislative Council can also be done within the existing budget of the DOA.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) If state government offices are relocated to downtown areas, there could be an increase in downtown commercial development stimulated by the influx of additional workers. However, there may be offsetting negative impacts in areas where these offices were previously located. The net effect of this shift in economic activity would vary in each affected locality.

State Agencies Affected: Department of Administration; State agency requesting office space; Legislative Council.

Local Agencies Affected:

Information Sources: Jay McQueen, Department of Administration, (317) 232-7636.